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ONE HUNDRED TENTH CONGRESS

# Congress of the United States

## House of Representatives

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June 14, 2007

The Honorable Lurita A. Doan  
Administrator  
U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405

Dear Madam Administrator:

I am writing regarding the General Services Administration's plan to expand the role of contractors into the government's traditional role of contract oversight and management. Given the costly lessons of the past six years with contractors overseeing contractors, I am concerned that your proposal may cause conflicts of interest and result in unnecessary waste, fraud, and abuse. For these reasons, I request a detailed briefing on your proposal, and I ask that you delay its implementation until GSA demonstrates whether necessary safeguards are in place.

According to an article published in the *Federal Times*, GSA plans to add "acquisition support services" to the "Mission Oriented Business Integrated Services" portion of the Federal Supply Schedule. The article reports that acquisition support contractors will have important oversight responsibilities, such as writing statements of work, evaluating bid proposals, reviewing offers, and drafting task orders. Rich Elgin, a GSA contracting official, is quoted saying: "the contractor could be issued a task order against their contract to not just perform oversight services, but also do the actual performance of the program in conjunction with the agency."<sup>1</sup>

This proposal raises several concerns. First, it creates a risk of significant conflicts of interest. GSA officials have claimed that they might be able to protect against these types of conflicts, suggesting that contracting officers "could require a contractor to certify there is no conflict of interest."<sup>2</sup> The Committee's procurement oversight does not generate confidence in this approach, however.

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<sup>1</sup> *Need Help with Your Contracting Workload? Hire a Contractor*, Federal Times (May 17, 2007).

<sup>2</sup> *Id.*

In 2004, I joined with Representative John Dingell, Senator Byron Dorgan, and Senator Ron Wyden in issuing a report examining contractors performing oversight in Iraq.<sup>3</sup> The report found significant conflicts of interest between these oversight contractors. For example, although Parsons had close business ties to Fluor, the Administration awarded Parsons two contracts to oversee \$3.3 billion in public works projects by several other contractors in Iraq, including Fluor. Similarly, the report found that another oversight contractor, CH2M Hill, had ongoing domestic contractual relationships with three of the firms it was responsible for overseeing: Washington Group International, Fluor, and AMEC. The report concluded that neither Parsons nor CH2M Hill was an independent watchdog.

Our findings were confirmed by the Special Inspector General for Iraq Reconstruction. In 2006, the Special Inspector General determined that the Bush Administration's decision to let a private contractor oversee the six main reconstruction contracts in Iraq resulted in inefficient management and aggravated existing problems. The Special Inspector General concluded that "the large-scale reconstruction and stability operations in Iraq could not be solved by contracting out these duties."<sup>4</sup>

Similar problems were identified earlier this year at the Department of Homeland Security. At a hearing on February 8, 2007, the Committee learned that although the consulting firm Booz Allen had a significant business relationship with Boeing, the Department had hired Booz Allen employees to provide management and oversight services for a multi-billion contract with Boeing called the "Secure Border Initiative."

Another problem is the potential for additional waste, fraud, and abuse. The federal government now spends hundreds of billions of dollars each year on contracts. Over the last six years, federal auditors have repeatedly warned that a large and recurring problem in contract management has been inadequate oversight by federal procurement officials. Outsourcing additional procurement responsibilities could contribute to the erosion of procurement oversight by federal officials, leading to more wasteful spending.

This is not the first time that GSA has floated a proposal to increase the outsourcing of contract oversight. In December 2006, GSA announced a plan to replace experienced federal auditors working for the GSA Inspector General with inexperienced private contractors. After I joined with Transportation Chairman Oberstar and Congresswoman Norton to raise concerns, GSA made the wise determination that the plan was unsound.

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<sup>3</sup> *Contractors Overseeing Contractors: Conflicts of Interest Undermine Accountability in Iraq*, Committee on Government Reform, Special Investigations Division, U.S. House of Representatives (May 18, 2004) (online at <http://oversight.house.gov/documents/20040623123249-86281.pdf>).

<sup>4</sup> Special Inspector General for Iraq Reconstruction, *Iraq Reconstruction: Lessons Learned in Human Capital Management* (Jan. 2006).

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There should be similar opportunity for congressional input here. For these reasons, I request that you provide a briefing to the Committee prior to June 29, 2007, regarding the outsourcing proposal. I also request that you halt the implementation of this proposal until Congress has a chance to conduct its oversight.

If you have any questions about this request, please contact Margaret Daum or David Leviss with the Committee staff at (202) 225-5420.

Sincerely,

A handwritten signature in black ink that reads "Henry A. Waxman". The signature is written in a cursive, flowing style.

Henry A. Waxman  
Chairman

cc: Tom Davis  
Ranking Minority Member